

The Honorable Peter C. McKittrick

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re:

Laurie Lynne Sloggett

Debtor.

Case No. 18-30865-pcm7

Adv. Proc. No. _____

Jeffrey S. Mutnick, P.C.

Plaintiff/Creditor,

v.

Laurie Lynne Sloggett

Defendant/Debtor.

COMPLAINT: OBJECTING TO
DISCHARGEABILITY OF CERTAIN
DEBT (11 USC § 523(a)(2), (4), (6))

Plaintiff alleges:

1.

On March 14, 2018, the Debtor filed a voluntary petition for relief under Chapter 7 of Title 11 of the United States Code.

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2.

This Court has subject matter jurisdiction over this adversary proceeding under 28 USC § 157(a), (b); and 28 USC § 1334.

3.

This is a core proceeding within the meaning of 28 USC § 157(b)(2)(I) & (J).

4.

Venue is proper before this Court pursuant to 28 USC § 1409(a).

FACTUAL SUMMARY

5.

At all material times, Plaintiff was a duly organized corporation registered to do business in the state of Oregon, with a Registered Agent in Multnomah County.

6.

At all material times, Defendant Laurie L. Sloggett was and is a resident of Washington County, in the state of Oregon.

7.

On or about November, 2007, Plaintiff employed Defendant, Laurie L. Sloggett, as a “claims filer” and clerk. Ms. Sloggett signed an Employment Agreement. The Employment Agreement required Ms. Sloggett to work specified days and hours. The Employment Agreement required Ms. Sloggett to sign a Non-Disclosure Agreement and to adhere to the policies set forth in the Employment Agreement and employee handbook. The employee handbook prohibited overtime without advance written permission.

1 8.

2 Beginning in 2008, Defendant Sloggett maintained erratic hours and took excessive “leave.”

3 9.

4 On or about December 9, 2009, Plaintiff retained the services of Defendants Bennett/Porter &
5 Associates, Inc., and Dena Singer, as a “Quick Books Specialist”, to provide services including financial
6 oversight, organize Quick Books, prepare reports, and provide information regarding the financial
7 matters of the Plaintiff.
8

9 10.

10 In approximately 2010, Defendant Sloggett claimed substantial compensation representing that
11 she was on grand jury duty when she was either not on grand jury duty or was not required to attend.
12

13 11.

14 In approximately 2012, Defendant Sloggett assumed responsibility for transmitting time sheets to
15 Paychex, a payroll service retained by Plaintiff. Between 2012 and 2014, Defendant Sloggett prepared
16 time sheets in pencil, altered time sheets and forged signatures in order to secure unauthorized overtime,
17 personal time off, and increased hourly compensation, without authorization. Between 2012 and 2014
18 Defendant Sloggett submitted claims to the Flexible Spending Account (“FSA”) account established by
19 Paychex which were fraudulent.
20

21 12.

22 Between approximately 2012 and approximately 2014, Defendant Sloggett established accounts,
23 such as Amazon, for which she used the Plaintiff’s funds to secure personal items. She also used petty
24 cash and other firm funds for her personal use. In 2014, Defendant Sloggett used the firm credit card
25 without authorization, and charged personal items on the firm’s American Express credit card.
26

13.

During 2013, Defendant Sloggett took a position with the firm of Bergman, Draper & Ladenburg while still employed by Plaintiff. Defendant Sloggett represented to Plaintiff that she had rejected the position and then misrepresented her husband's health status and Bergman, Draper & Ladenburg in order to obtain compensation from both Plaintiff and the firm of Bergman, Draper & Ladenburg.

14.

Defendant Sloggett represented to Plaintiff's payroll company that she was an "accountant" at an hourly rate significantly greater than her regular approved hourly rate.

FIRST CLAIM FOR RELIEF
(11 U.S.C. § 523(a)(2)(A) & (B) -Fraud)

15.

Plaintiff realleges Paragraphs 1 through 14 as though fully set forth herein.

16.

Defendant Sloggett made the fraudulent misrepresentations set forth below with the intent that the Plaintiff rely upon those fraudulent misrepresentations. Defendant Sloggett made the following representations which she knew to be false, or that Plaintiff was ignorant to the truth, and were material to the Plaintiff's actions, and intended that the Plaintiff was unaware of the falsity of the statements and were reasonably contemplated that the Plaintiff would act upon the misrepresentation which was the Plaintiff's right under the circumstances to the Plaintiff's subsequent damage.

- a) Misrepresenting overtime and PTO to which Ms. Sloggett was not entitled;
- b) Preparing time records in pencil and altering those records;
- c) Representing that she had authority to use Plaintiff's American Express card when she

1 did not;

2 d) Representing that she had authority to remove funds from Plaintiff's petty cash, without
3 prior authorization, for her own benefit, which she did not;

4 e) Representing that she had rejected employment with Bergman, Draper & Ladenburg,
5 when she had not;

6 f) Preparing and obtaining compensation for a period during which she was employed by
7 both Bergman, Draper & Ladenburg and Plaintiff;

8 g) Representing that she was sick and entitled to PTO when she was not;

9 h) Presenting forged documents from her family physician to secure PTO;

10 i) Representing that her husband had a heart attack in order to take time off during part of
11 which she took simultaneous employment with Bergman, Draper & Ladenburg;

12 j) Misrepresenting her husband's health condition and claiming that he had peritonitis in
13 order to secure personal time off;

14 k) Forging authorizations for overtime and PTO;

15 l) Establishing an Amazon account in her own name, using the Plaintiff's credit card when
16 she did not have authority to do so;

17 m) Making representations to Plaintiff's FSA administrator to secure compensation for
18 "medical care" to which she was not entitled;

19 n) Misrepresenting the nature of the payroll change to Intuit to change her pay rate and alter
20 records;

21 o) Misrepresenting the nature of the Intuit services that Plaintiff then purchased, which
22 allowed Ms. Sloggett to change her rate of pay when she was not authorized to do so.
23
24
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26

1 p) Representing that she would maintain the confidences and secrets of Plaintiff, and then
2 disclosing confidential information about the firm to third parties.

3 17.

4 As a result of Defendant Sloggett's fraudulent misrepresentations upon which she intended
5 Plaintiff rely, Plaintiff sustained loss in an amount to be proven at trial, but not to exceed \$250,000.
6

7 18.

8 Defendant Sloggett's actions violate 11 USC § 523(a)(2)(A), (B) because her monetary debt to
9 Plaintiff was obtained by false pretenses, false representations or actual fraud.

10 19.

11 Defendant Sloggett's debt to Plaintiff is exempt from discharge pursuant to 11 USC §
12 523(a)(2)(A).
13

14 20.

15 Defendant Sloggett's actions, as set forth above, were done with malice or a reckless indifference
16 to the harm it caused to Plaintiff, and, as such, an award of \$500,000 in punitive damages is warranted.
17

18 **SECOND CLAIM FOR RELIEF**
19 **(11 U.S.C. § 523(a)(4) -Fraud or Defalcation by Fiduciary, or embezzlement)**

20 21.

21 Plaintiff realleges Paragraphs 1 through 14 as though fully set forth herein.

22 22.

23 Defendant Sloggett held a special position of trust and confidence with Plaintiff.

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25 ///

23.

Defendant Sloggett, while in a position of trust and confidence with Plaintiff, made the misrepresentations set forth below with the intent that the Plaintiff rely upon those fraudulent misrepresentations. Defendant Sloggett made the following representations which she knew to be false, or that Plaintiff was ignorant to the truth, and were material to the Plaintiff's actions, and intended that the Plaintiff was unaware of the falsity of the statements and were reasonably contemplated that the Plaintiff would act upon the misrepresentation which was the Plaintiff's right under the circumstances to the Plaintiff's subsequent damage.

- a) Misrepresenting overtime and PTO to which Ms. Sloggett was not entitled;
- b) Preparing time records in pencil and altering those records;
- c) Representing that she had authority to use Plaintiff's American Express card when she did not;
- d) Representing that she had authority to remove funds from Plaintiff's petty cash, without prior authorization, for her own benefit, which she did not;
- e) Representing that she had rejected employment with Bergman, Draper & Ladenburg, when she had not;
- f) Preparing and obtaining compensation for a period during which she was employed by both Bergman, Draper & Ladenburg and Plaintiff;
- g) Representing that she was sick and entitled to PTO when she was not;
- h) Presenting forged documents from her family physician to secure PTO;
- i) Representing that her husband had a heart attack in order to take time off during part of which she took simultaneous employment with Bergman, Draper & Ladenburg;

j) Misrepresenting her husband's health condition and claiming that he had peritonitis in order to secure personal time off;

k) Forging authorizations for overtime and PTO;

1) Establishing an Amazon account in her own name, using the Plaintiff's credit card when she did not have authority to do so;

m) Making representations to Plaintiff's FSA administrator to secure compensation for "medical care" to which she was not entitled;

n) Misrepresenting the nature of the payroll change to Intuit to change her pay rate and alter records;

o) Misrepresenting the nature of the Intuit services that Plaintiff then purchased, which allowed Ms. Sloggett to change her rate of pay when she was not authorized to do so.

p) Representing that she would maintain the confidences and secrets of Plaintiff, and then disclosing confidential information about the firm to third parties.

24.

As a result of Defendant Sloggett's misrepresentations upon which she intended Plaintiff rely, Plaintiff sustained loss in an amount to be proven at trial, but not to exceed \$250,000.

25.

Defendant Sloggett's actions set forth in paragraph 23 above constitute fraud or defalcation while acting in a fiduciary capacity with Plaintiff, in violation of 11 U.S.C. § 523(a)(4).

26.

Defendant Sloggett's actions set forth in paragraph 23 above constitute embezzlement, in violation of 11 U.S.C. § 523(a)(4).

1 27.

2 Defendant Sloggett's debt to Plaintiff is exempt from discharge pursuant to 11 USC § 523(a)(4).

3 28.

4 Defendant Sloggett's actions, as set forth above, were done with malice or a reckless indifference
5 to the harm it caused to Plaintiff, and, as such, an award of \$500,000 in punitive damages is warranted.
6

7 **THIRD CLAIM FOR RELIEF**
8 **(11 U.S.C. § 523(a)(6) – willful and malicious injury to Plaintiff)**

9 29.

10 Plaintiff realleges Paragraphs 1 through 14 as though fully set forth herein.

11 30.

12 Defendant Sloggett made the misrepresentations set forth below with the intent that the Plaintiff
13 rely upon those fraudulent misrepresentations. Defendant Sloggett made the following representations
14 which she knew to be false, or that Plaintiff was ignorant to the truth, and were material to the Plaintiff's
15 actions, and intended that the Plaintiff was unaware of the falsity of the statements and were reasonably
16 contemplated that the Plaintiff would act upon the misrepresentation which was the Plaintiff's right
17 under the circumstances to the Plaintiff's subsequent damage.
18

- 19 a) Misrepresenting overtime and PTO to which Ms. Sloggett was not entitled;
20 b) Preparing time records in pencil and altering those records;
21 c) Representing that she had authority to use Plaintiff's American Express card when she
22 did not;
23 d) Representing that she had authority to remove funds from Plaintiff's petty cash, without
24 prior authorization, for her own benefit, which she did not;
25
26

- 1 e) Representing that she had rejected employment with Bergman, Draper & Ladenburg,
2 when she had not;
- 3 f) Preparing and obtaining compensation for a period during which she was employed by
4 both Bergman, Draper & Ladenburg and Plaintiff;
- 5 g) Representing that she was sick and entitled to PTO when she was not;
- 6 h) Presenting forged documents from her family physician to secure PTO;
- 7 i) Representing that her husband had a heart attack in order to take time off during part of
8 which she took simultaneous employment with Bergman, Draper & Ladenburg;
- 9 j) Misrepresenting her husband's health condition and claiming that he had peritonitis in
10 order to secure personal time off;
- 11 k) Forging authorizations for overtime and PTO;
- 12 l) Establishing an Amazon account in her own name, using the Plaintiff's credit card when
13 she did not have authority to do so;
- 14 m) Making representations to Plaintiff's FSA administrator to secure compensation for
15 "medical care" to which she was not entitled;
- 16 n) Misrepresenting the nature of the payroll change to Intuit to change her pay rate and alter
17 records;
- 18 o) Misrepresenting the nature of the Intuit services that Plaintiff then purchased, which
19 allowed Ms. Sloggett to change her rate of pay when she was not authorized to do so.
- 20 p) Representing that she would maintain the confidences and secrets of Plaintiff, and then
21 disclosing confidential information about the firm to third parties.

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1 31.

2 Defendant Sloggett's actions set forth in paragraph 28 above were done willfully, and with
3 malicious intent.
4

5 32.

6 As a result of Defendant Sloggett's misrepresentations upon which she intended Plaintiff rely,
7 Plaintiff sustained loss in an amount to be proven at trial, but not to exceed \$250,000.
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9 33.

10 Defendant Sloggett's actions set forth in paragraph 28 above constitute willful and malicious
11 injury to Plaintiff, in violation of 11 U.S.C. § 523(a)(6).
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13 34.

14 Defendant Sloggett's debt to Plaintiff is exempt from discharge pursuant to 11 USC § 523(a)(6).
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35.

Defendant Sloggett's actions, as set forth above, were done with malice or a reckless indifference to the harm it caused to Plaintiff, and, as such, an award of \$500,000 in punitive damages is warranted.

WHEREFORE, Plaintiff prays for judgment as follows:

On its **FIRST, SECOND, AND THIRD CLAIMS FOR RELIEF**:

1. A judgment against Defendant Sloggett in an amount to be determined at trial, but not to exceed \$250,000;
2. A judgment against Defendant Sloggett in the amount of \$500,000, designated as punitive damages;
3. A determination that Defendant Sloggett's debt to Plaintiff is nondischargeable;
4. Plaintiff's costs and disbursements in this action; and
5. Any other relief this court deems equitable.

DATED: June 18, 2018

/s/Tim L. Eblen

Tim L. Eblen, OSB # 050252

Eblen Freed PC

Attorney for Debtor

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9 UNITED STATES BANKRUPTCY COURT
10 DISTRICT OF OREGON

11 In re:

12 Laurie Lynne Sloggett

13 Debtor.

Case No. 18-30865-pcm7

14 Adv. Proc. No. _____

15 CERTIFICATE OF MAILING

16 Jeffrey S. Mutnick, P.C.

17 Plaintiff/Creditor,

18 v.

19 Laurie Lynne Sloggett

20 Defendant/Debtor.

21 Debtor.

22 I hereby certify under penalty of perjury under the laws of the State of Oregon that I mailed a
23 true and correct copy of the COMPLAINT: OBJECTING TO DISCHARGEABILITY OF CERTAIN
24 DEBT postage pre-paid, regular first class mail and via Electronic Message through Electronic Case
25 Filing on the 18th day of June, 2018, to the parties listed below.:
26

1 Laurie Lynn Sloggett
2 c/o Christopher Kane
3 Christopher J. Kane, PC
4 2207 NE Broadway St Ste 100
5 Portland, OR 97232

6 /s/Tim L. Eblen

7 By: Tim L. Eblen, OSB # 050252
8 Attorney for Debtor
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